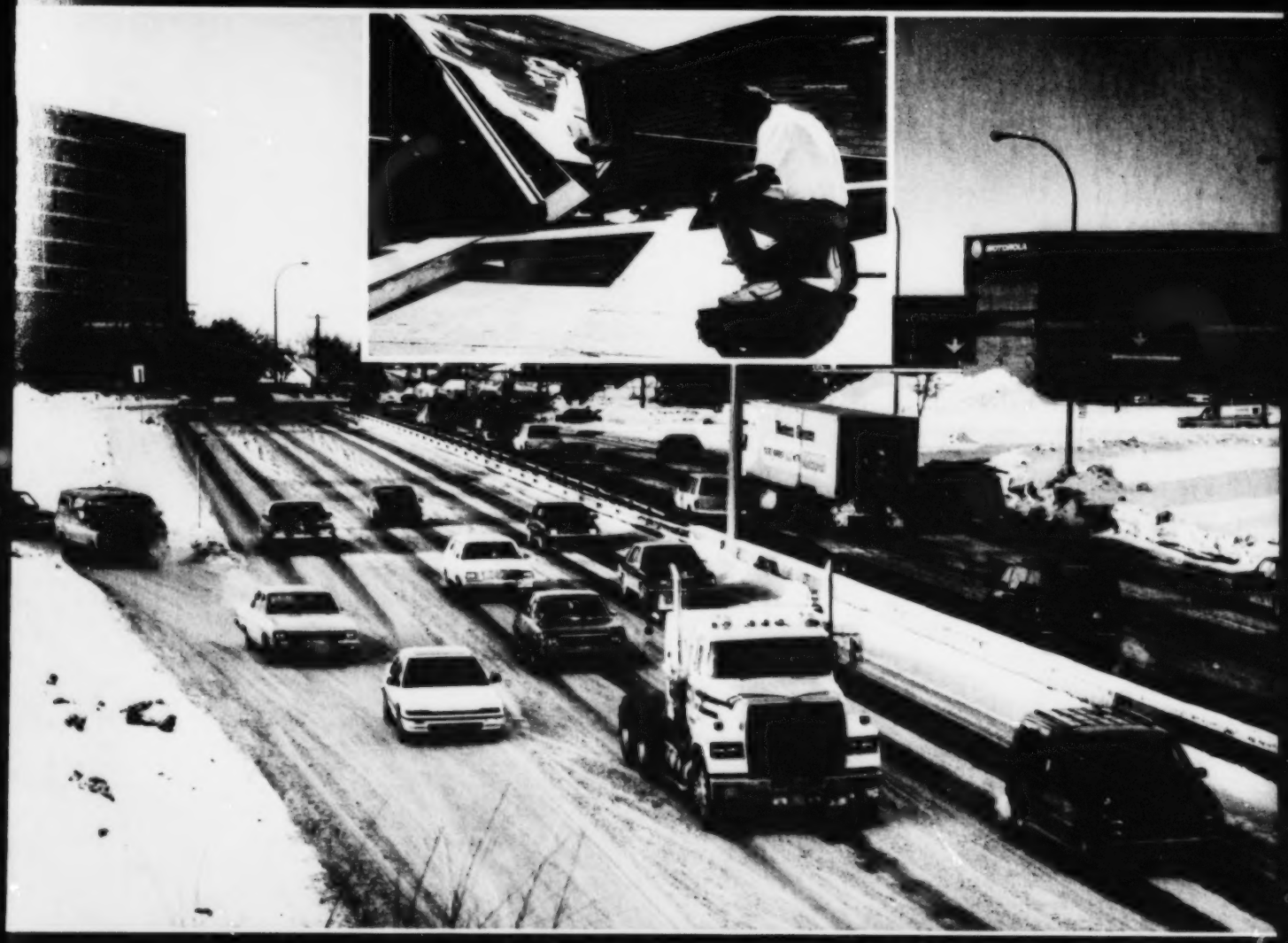

THE MANITOBA PUBLIC INSURANCE CORPORATION

1988 Annual Report

89-05015/

"Who We Are"

We are the provincial Crown corporation which has been serving Manitobans since 1971. We are 1,100 people working for MPIC in centres throughout the province. We are 370 independent brokers who offer Autopac and general insurance products to Manitobans. We operate two divisions: the Automobile Insurance Division and the General Insurance Division.

In the Automobile Insurance Division, which is commonly known as Autopac, our mission is to provide all Manitoba motorists with low-cost, high-quality automobile insurance on a stable, efficient and equitable basis, consistent with long-term financial self-sufficiency.

In the General Insurance Division, we provide property and casualty insurance services through a network of brokers across the province. We compete for business with private insurance companies and offer high-quality packages of insurance coverage developed to serve the needs of the Manitoba market.

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Letters of Transmittal

Winnipeg, Manitoba
30 January 1989

Honourable Glen Cummings
Minister Responsible for
The Manitoba Public Insurance Corporation

Dear Sir,

In accordance with Section 43(1) of The Manitoba Public Insurance Corporation Act, I have the honour to present the Annual Report of The Manitoba Public Insurance Corporation for the fiscal year ended October 31, 1988.

Respectfully submitted,

Harold Thompson
Chairman of the Board

Winnipeg, Manitoba
1 February 1989

To His Honour
The Honourable George Johnson
Lieutenant-Governor of the Province of Manitoba

May It Please Your Honour:

I have the honour to submit the Annual Report of The Manitoba Public Insurance Corporation for the year ended October 31, 1988.

Respectfully submitted,

Honourable Glen Cummings
Minister

Board of Directors

Seated (left to right): Walter Bardua, President and General Manager; Harold Thompson, Chairman; Joanne Thibault.
Standing (left to right): Harold Gilleshammer, Marilyn McLaren, Larry Lepischak, Ruth Konzelman, Don Penny, Jack MacIver.

Board Committees

Executive Committee

Harold Thompson (Chairman)
Joanne Thibault
Jack MacIver
Walter Bardua (Ex-officio Member)

Audit Committee

Don Penny (Chairman)
Harold Thompson
Ruth Konzelman
Harold Gilleshammer

Corporate Officers

J. W. Bardua, President and General Manager

D. R. Kidd, Vice President, Insurance Operations and Assistant General Manager

H. P. Dribnenky, Vice-President, General Insurance

B. W. Galenzoski, Vice-President, Finance and Administration

S. S. Kapoor, Q.C., General Counsel and Corporate Secretary

R. D. Lynch, Vice-President, Human and Information Resources

G. D. Newton, Vice-President, Corporate and Community Relations

T. M. Petrishen, Assistant to the President, Special Projects

J. W. Zacharias, Vice-President, Claims

Chairman's Message

The past year has been one of assessment for The Manitoba Public Insurance Corporation, an organization that is an essential part of the Manitoba fabric.

Significant Autopac premium increases, the introduction of the merit discount program and the establishment of the Autopac Review Commission meant the Corporation received unprecedented scrutiny during 1988. That resulted in Corporation employees working doubly hard to respond quickly and accurately to all questions. The skill of our employees was recognized by the Autopac Review Commission which reported they generally "encountered a committed staff who are anxious to serve and to do their jobs well."

The patience and proficiency of Autopac's brokers should also be recognized. Their efforts made it possible to introduce the merit program on extremely short notice.

Several concerns emphasized during the 1988 fiscal year pointed to areas which I feel are crucial to restoring public confidence in MPIC. While the Autopac Review Commission report highlighted many positive aspects of the Autopac program and the services provided to Manitoba motorists, a number of areas were singled out for improvement. The concerns and comments which came out of the Commission's public hearings and its final report were important parts of a rebuilding process.

The Commission's recommendations were designed to reinforce the effective and efficient operation of Autopac. As part of the same process, MPIC undertook its own careful examination of operations. A number of the conclusions to come out of this internal process mirrored recommendations for improvements made by the Autopac Review Commission. As a result, MPIC was in a position to implement several of the Commission's recommendations for the 1989 insurance year. Other recommendations, some of which require decisions by the provincial government, are under active study and will be implemented in the future.

Accountability was another key concern brought to the fore last year. The provincial government's initiative to improve accountability and depoliticize all Crown corporations resulted in the passing by the Legislature of The Crown Corporations Public Review and Accountability and Consequential Amendments Act. Several of the Autopac Review Commission's recommendations concerning MPIC were enshrined in law with this Act.

One of the most important parts of the Act directs MPIC to submit Autopac rates and coverages to the Public Utilities Board (PUB) for approval. This forum allows MPIC representatives to discuss the reasons for Autopac changes and encourages public participation in the review process. The Corporation has already sought and obtained interim approval for 1989 Autopac rate and coverage proposals and future changes will be submitted to the PUB annually.

Provision is also made in the Act for the issuing of public quarterly financial reports. These reports are designed to keep the public better informed about MPIC's financial position on a regular basis. The first report, and an accompanying news release, were issued for the nine months ending July 31, 1988, prior to the Act's passage.

Under the Act's provisions, accountability to the government is maintained by strengthening the Chairman's role in reporting directly to the Minister and clearly outlining the roles and powers of the Board in overseeing management and developing broad policy directions.

The public outcry after Autopac rate and coverage changes were announced in 1988 showed the importance of effective communication in maintaining public confidence. MPIC is taking important steps to reinforce and expand its communications initiative. A comprehensive public information program has been developed for the 1989 insurance year to ensure Autopac coverages are fully presented in straightforward, everyday language.

In June 1988, I was appointed Chairman of the Board of Directors, at the same time as five other new members. I would like to personally thank each of them for agreeing to serve as a director. Jack MacIver of Winnipeg is president of Midway Chrysler and a past-president of the Manitoba Motor Dealers Association. Ruth Konzelman of Selkirk is president of Rutchard Enterprises Ltd. Don Penny of Brandon is a partner in the firm of Meyers, Norris and Penny, Chartered Accountants. Joanne Thibault is a Winnipeg bookseller and has been a member of a variety of boards, including the Canadian Booksellers Association and the Winnipeg Chamber of Commerce. Harold Gilleshammer is the MLA for Minnedosa and a former principal of Minnedosa Collegiate.

The new members joined employee representatives Larry Lepischak and Marilyn McLaren on the Board. I look forward to working closely with all Board members and am confident they will provide strong and responsible leadership for the Corporation.

I would also like to thank MPIC's staff and brokers for their loyalty and hard work. Together, I believe we are beginning a new era of improved relations with all of our customers.

Harold Thompson

Harold Thompson
Chairman of the Board

President's Message

As the newly-appointed President and General Manager of The Manitoba Public Insurance Corporation, I am pleased to have this opportunity to present my first Annual Report message.

Since I officially took up my duties on November 1, 1988, I have met many of the individuals who are the Corporation's strength. In the short time I have been here, I have been most impressed by the hard work and dedication of MPIC's employees.

Hard work and dedication are essential because Manitobans expect, and deserve, a high level of service and accountability from their insurance company. I firmly believe that, as a public corporation, we have to go further than private, competitive organizations to show we are particularly service-conscious and cost-effective.

In order to focus on these essential goals, we must have a firm financial base on which to build and the 1988 financial results provide that foundation.

The Automobile Insurance Division recorded net income of $20 million in 1988. This was due to a significant drop in claims costs and increased premium revenues resulting from major changes to the Autopac program. This dramatic improvement from the previous year's $61 million loss enabled us to start the process of rebuilding Autopac's rate stabilization reserve fund. This reserve helps in avoiding future "rate shocks" caused by dramatic increases in claims costs.

Favourable claims experience was also the primary reason for the improved performance of the General Insurance Division, which recorded a net profit of $4.9 million (excluding reinsurance assumed). There was evidence in 1988 that the property and casualty insurance market was returning to more competitive conditions. This will have an important impact on the future direction of the division.

Another aspect of the Corporation's financial picture I should emphasize is the use of investment income. During the coming year MPIC will continue to invest in communities throughout the Province. This directly benefits Manitobans in two ways. Much of our extensive investment portfolio supports local hospital, school and municipal developments across the Province. As well, income from these and other investments results in lower vehicle insurance premiums.

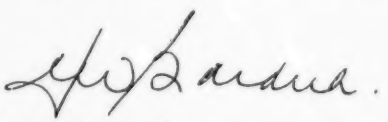
To build on this overall positive financial situation, MPIC must be a forward-looking corporation, one which is fiscally and socially responsible and continues to be responsive to the changing automobile insurance needs of Manitobans. This is an opportune time to re-emphasize our philosophy of service to the people of Manitoba, as well as our mission and goals.

One of our key objectives is to strengthen the corporate strategic planning process. Over the past year, all departments have placed increasing importance on this process. The goals are to maintain long-term financial and operational stability, to be more responsive to motorists' changing needs, to make customer service and convenience the primary considerations in developing procedures and policies and to improve our openness with the public. This will assist us in achieving our primary objectives of better serving Manitobans and ensuring all motorists benefit from fair and equitable insurance premiums.

As well, the goal of emphasizing open and honest two-way communication within the Corporation and with the public is critical to our success. It is essential that everyone in this organization knows what our mission is, what our goals and objectives are, how we intend to achieve them and how each individual is going to contribute to this mandate. More importantly, we must ensure the public knows why our policies and procedures are in place and how they, as customers, will be affected by changes to MPIC's insurance programs.

The achievements outlined in this report are a credit to the nearly 1,100 Manitobans who work for MPIC and the 370 brokers who offer our products. By reinforcing our already strong capabilities and skills throughout the company, we will enhance our commitment to customer service and responsiveness.

Manitobans, whether they are customers or employees of MPIC, can legitimately take pride in their insurance company. I look forward to building upon the basic strength of the organization and meeting the challenges of the future together.



J. Walter Bardua
President and General Manager

Automobile Insurance Division

A Year of Assessment

The Automobile Insurance Division received close scrutiny during the fiscal year ending October 31, 1988. Record claims costs in 1987 made significant premium increases necessary for the 1988 insurance year. This prompted a thorough and critical examination of the Autopac program by the Corporation, the public and other agencies.

Manitobans' intense interest in the workings of their insurance company was demonstrated by the creation in February 1988 of the Autopac Review Commission, presided over by Commissioner Judge Robert Kopstein. Public hearings and extensive media coverage were important elements of the Commission's wide-ranging inquiry into all aspects of the public insurance program.

In conducting the review, Judge Kopstein sought to assess the Corporation both as Manitobans see it and as it actually operates. The key to this process was the open and frank discussion which took place among MPIC representatives, members of various interest groups and the public. Manitobans learned much more about their insurance corporation from the Commission hearings and its 800-page report issued October 27, 1988.

This public discussion process and the release of the report were important first steps toward rebuilding public confidence in the Corporation. At the same time, MPIC undertook a comprehensive examination of its own operations, which helped facilitate the early acceptance of a number of the recommendations made by the Commission.

The provincial government also introduced a wide range of policy and legislative initiatives, including the new Crown Corporations Public Review and Accountability and Consequential Amendments Act. Other recommendations, requiring action either by the government or the Corporation, are under active consideration.

Estimator Don Broughton inspects a minivan for damage at MPIC's Brandon Drive-in Claims Centre. Prompt and efficient service is a goal at each of the 17 Autopac claims centres and offices throughout Manitoba.

Events of the past year made the Corporation more sensitive to the needs of Manitoba motorists. Enhancements to the Autopac program for 1989 underline this renewed commitment to operate an automobile insurance plan of which all Manitobans can be proud.

These changes also illustrate the Corporation's goal of making the program more equitable for all Manitobans. The 1989 rate and coverage proposals received interim approval from the Public Utilities Board of Manitoba on December 23, 1988, and were to take effect March 1, 1989.

In contrast to the previous year's rate increase, owners of more than 50 per cent of registered vehicles will pay the same or less for their basic coverage in 1989. More than 273,000 owners who qualify for Autopac's merit discount program will see their basic premiums reduced by two per cent, while about 340,000 vehicle owners paying non-merit premiums will experience increases ranging from one to ten per cent. Rates for 110,000 vehicles in other categories will remain unchanged. This represents an overall average increase of 2.5 per cent.

As well, there will be no rate increase for Autopac's extension coverages, available on an optional basis.

Enhancing basic coverages allows Autopac to provide broader protection for all Manitoba motorists under a

variety of conditions. Underinsured motorist coverage to a limit of $200,000 will be added to the basic Autopac program in 1989 at no additional premium. Also, passenger hazard coverage will be added to basic motorcycle coverage at no extra cost to owners. Loss-of-use allowances will be increased from a maximum $600 to $900 for motorists whose vehicles are stolen. Large commercial trucks, public service vehicle (PSV) trucks and buses will be excluded from basic all-perils coverage, allowing owners to purchase higher deductible limits that better reflect the greater value of these vehicles. In addition, owners of large commercial trucks and PSV trucks and buses which operate outside Manitoba will be excluded from purchasing all-perils and third party liability coverage under the basic Autopac program. Again, this will permit owners of these vehicles to obtain coverage which better meets their individual requirements.

Changes to insurance use categories in 1989 will permit the assessment of premiums which more accurately reflect the risk associated with insuring vehicles in some categories. Many of these changes were also recommended by the Autopac Review Commission. New categories for passenger vehicles will include School Car, Farm Car—All Uses, All-Purpose Truck, Handi-Cab Vans and four separate use classifications for Motor Homes. Leased vehicles will be insured according to actual use, a change which could mean lower premiums for some motorists. Also, specific kilometre and trip restrictions will be placed on the existing Preferred use category.

Revisions to the merit discount program will allow more Manitobans with good driving records to qualify for reduced insurance premiums. New Manitoba residents may qualify for discounts on both their driver's licence and vehicle premiums if they have established good driving records in other provinces. In addition, owners who recently purchased a vehicle or kept it in storage may be eligible for a premium discount immediately upon vehicle registration. Previously, a vehicle, or any it replaced, had to be registered for at least eight months in the prior insurance year.

The vehicle discount program will be expanded to include motorcycles, mopeds and motor homes. Also, the onus for vehicle discount eligibility will be shifted from the vehicle claims record to the registered owner's claims record. As a result, qualifying vehicle owners who have no at-fault claims in 1988 will not be denied the discount if their vehicle had been involved in an accident while being operated by another person.

Financial Results

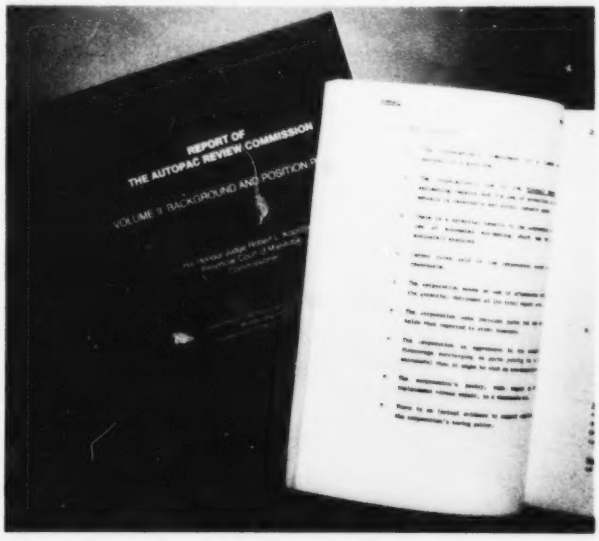
A significant drop in the number and cost of claims and an increase in premiums earned contributed to net income of over $20 million for the 1988 fiscal year.

This represented a healthy and essential improvement from the $61.6 million loss experienced in the 1987 fiscal year. This year's financial results also eliminated an accumulated $9.1 million deficit and enabled the Corporation to begin rebuilding its rate stabilization reserve. This reserve stood at just under $11 million by the end of the fiscal year.

Rebuilding this reserve is essential to Autopac's ability to continue serving Manitobans in a financially-responsible manner. The reserve is designed to help offset possible increases in insurance rates resulting from uncontrollable factors such as weather conditions.

The Corporation intends to build reserve levels to approximately 15 per cent of premiums written which, for 1988, would be approximately $45 million. This goal, which will be accomplished over the next several years, is consistent with a recommendation made by the Autopac Review Commission. The $11 million MPIC was able to place in reserve as a result of this year's financial results represents about four per cent of premiums written in 1988.

Total earned revenues for the 1988 fiscal year were $318.8 million, up $44.5 million from the previous year. This included $279.5 million from premiums earned, an increase of $42 million, and $39.3 million from investment income, $2.5 million more than the previous year.



The two-volume, 800-page Report of the Autopac Review Commission was released on October 27, 1988, marking the culmination of a period of intense scrutiny of the Corporation.

Automobile Insurance Division (cont'd.)

Bill Mitrou (centre) operates Mitrou Agencies of Brandon and is one of Autopac's authorized brokers in that Western Manitoba city. Altogether, there are over 370 independent brokers providing MPIC Autopac and General Insurance products in communities across the province.

Total expenses and claims came to $298.8 million, a drop from $335.8 million. Claims incurred and claims expenses, which accounted for $261.2 million of that total, declined by $45 million from the previous year. Commissions, premium taxes and administrative expenses amounted to $37.6 million, an increase of $8.1 million. This was due primarily to an increase in commissions and premium taxes, which vary in relation to premium income.

MPIC's administrative expense ratio rose slightly to 5.5 per cent of premiums earned. The Autopac Review Commission noted the Corporation continues to have low administrative expenses in relation to other Canadian insurance companies. This operational efficiency enables MPIC to return a large portion of the premium dollar to motorists in the form of claims payments and benefits.

Major factors which influenced administrative expenses include additional costs incurred because of revisions to the 1988 Autopac program, the transfer of three safety departments from the Division of Driver and Vehicle Licencing and payment for all expenses associated with the Autopac Review Commission.

Claims Experience

Claims experience was strongly influenced by changes to the Autopac program that took effect with the insurance year beginning March 1, 1988.

An increase in deductibles was one of several measures introduced in 1988 in an effort to reduce claims costs and provide more effective incentives for motorists to drive responsibly. Other major changes included higher accident surcharges and demerit point premium assessments on driver's licences. The Autopac merit program, which introduced discounts for motorists with good driving records, was another significant step. These measures, combined with more favourable weather and road conditions, contributed to a substantial drop in the number of claims the Division processed, from 249,000 to 229,000.

The 1988 Autopac renewal was one of the busiest on record for MPIC employees, primarily because of the introduction of the popular Autopac merit program. These Data Control Department employees are a few of the nearly 1,100 Manitobans who work for MPIC.

The average cost per claim in 1988 declined to $1,005 from $1,119 in 1987. Increased deductibles and a large number of low-cost glass claims contributed to this decrease.

Coverage changes also had a major impact on other types of claims. For example, the reported number of minor hit and run and comprehensive claims related to vandalism and other causes declined, in part, because of higher deductibles.

Changes in the construction and design of vehicles continue to be a significant factor in the rising cost of repairs. Greater use of plastic and vinyl parts, which often require complete replacement when damaged, drive up costs. The rising prices of new vehicles and accessory equipment also result in higher replacement costs.

Injury claims settlements, including no-fault accident benefits and third party liability claims, fell from $85.3 million to $80.9 million in 1988. This decline is attributed to a decrease in the number of serious accidents during 1988. For example, claims due to paraplegia dropped by 42 per cent while claims for head injuries fell by 36 per cent.

Generally, however, bodily injury claims settlements continue to rise because of many factors. Significantly higher court awards for pain and suffering have contributed to higher settlements, whether they were reached through the courts or not. Also, individuals who make claims are often undergoing longer and more costly injury treatments.

Coverage and Customer Service

The introduction of the two-part Autopac merit discount program and an improved time payment plan proved popular with motorists.

The merit program was designed to reward drivers with good records and ensure those with poorer records are assessed premiums which more accurately reflect their driving habits. Qualifying motorists received driver's licence and vehicle insurance discounts.

Automobile Insurance Division (cont'd.)

An improved time payment plan increased the number of installments from two to three with no increase in the administration fee.

MPIC's comprehensive package of no-fault accident benefits continues to be recognized as one of the best in North America. Coverage was further enhanced last year by an increase in the funeral expense allowance from $1,500 to $2,500.

Increasing emphasis has been placed on customer service in the Autopac program in recent years. Currently, there are nearly 600 claims employees serving customers in 17 Autopac claims centres and offices throughout the province. Over 350 Autopac agents and brokers also provide service to customers in communities across Manitoba.

Autopac's newest drive-in claims office opened November 20, 1987, in The Pas to replace a smaller office and provide improved facilities to better serve customers. In the next year, new drive-in claims offices are also scheduled to replace smaller facilities in Thompson, Swan River and Steinbach.

Increased automation continues to play a major role in Autopac's efforts to improve customer service, particularly in rural areas. A telecommunications system connected to MPIC's central computer records now allows adjusters in rural claims centres to instantly verify licence and serial numbers on telephone claims. This saves considerable time, particularly when incorrect numbers are given by claimants.

The groundwork for a new computerized system of total loss valuations was also laid during the past fiscal year. This system, which involves extensive use of modern technology, is provided in conjunction with a professional, external valuation company and will deliver fair and objective assessments of vehicle values.

Also scheduled for introduction in the coming year is a centralized dial-a-claim service which will offer more convenient claims reporting service to Winnipeg customers.

School patrols across Manitoba are more conspicuous to motorists because of high-visibility vests similar to these worn by Oakbank School students. This purchase was made possible through a $27,780 grant from MPIC to the Manitoba Association of School Trustees. MPIC's Safety and Loss Prevention Department's initiatives promote safety so all drivers are aware of their responsibilites on the road.

Safety Initiatives

The Corporation continued to promote driver and vehicle safety, not only to prevent losses and control insurance costs, but to fulfill a much broader social mandate of reducing injuries and deaths.

A reorganization of traffic safety programs under MPIC's new Safety and Loss Prevention Department reaffirmed an ongoing commitment to safety promotion and education. The Safety Education Unit coordinates programs such as High School Driver Education, while the Vehicle Inspection Unit handles inspections of cars and light trucks. The Safety Relations Unit is active in promotional activities such as the monthly and annual safe driver awards presented through the Manitoba Trucking Association, administering grants to groups such as the Manitoba Association of School Trustees for school patrol safety vests and supplying safety films and other informational material to community organizations.

For the past three years the Corporation has co-sponsored a highly-successful New Year's Eve free ride program in conjunction with Winnipeg Transit, 1290 FOX radio and MTN-TV. "The Ride's on Us" program is a preventative measure designed to reduce

impaired driving and to promote greater public awareness of the issue.

The Safety and Loss Prevention Department is also responsible for the administration of the Off-Road Vehicles Act. Replacing the earlier Snowmobile Act, this Act was proclaimed in October and emphasizes safety measures such as mandatory use of helmets, minimum age restrictions and limitations on areas where the vehicles may be operated. Mandatory purchase of third party liability coverage from any insurance company offering this coverage ensures both owners and accident victims are protected.

Investment Income

Because a large part of the premium revenue MPIC requires to settle claims will not be paid out until sometime in the future, these funds are set aside and invested to meet these obligations.

Interest from these investments is an important source of revenue and is used to reduce premium requirements. Every dollar earned through investment income means that Autopac policyholders pay a dollar less in premiums.

In the 1988 fiscal year, the Automobile Insurance Division's investment income was $39.3 million, more than offsetting the Division's administrative expenses, including commissions and premium taxes, of $37.6 million.

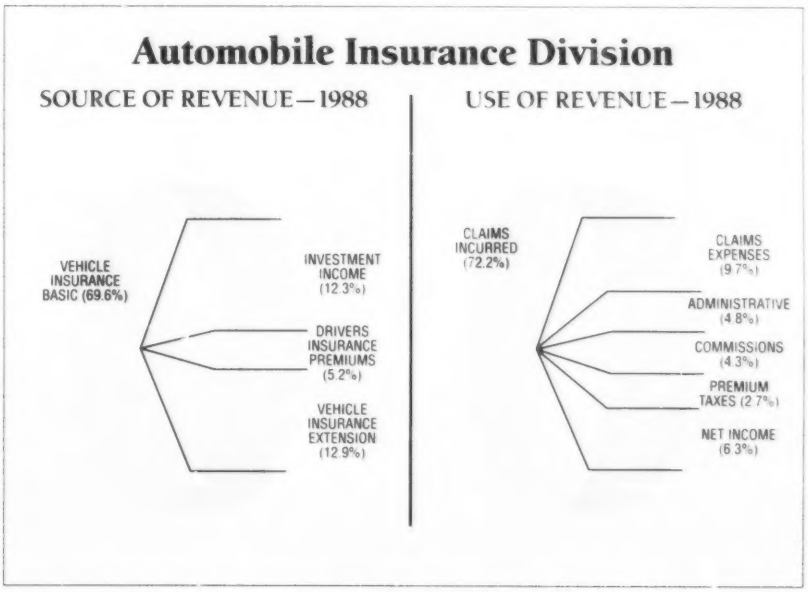
The total value of short and long-term investments for both the Automobile and General Insurance divisions at the end of the 1988 fiscal year was $420.7 million. Investments are administered by the Department of Finance and, as much as possible, are made in Manitoba municipalities, hospitals and schools.

The average length of MPIC's long-term investments is 16 years with an average yield of 11.2 per cent. The Autopac Review Commission noted the performance of MPIC's investment portfolio was comparable to that of other Canadian insurance companies.

Improvements in No-Fault Accident Benefits 1971 vs. 1988

BENEFIT	1971	1988
Medical Expenses	$2,000	$100,000
Partial Disability	$25/week	$60/week
Minor	Actual earnings to above max.	Actual earnings to above max.
Homemaker	$25/week	$60/week
Total Disability		
Maximum Payment	$75/week	$150/week min. or 70% of gross earnings to max. of $300/week
Minors	Actual earnings to above max.	Actual earnings to above max.
Homemaker	$75/week	$150/week
Impairment		
Maximum Payment	$6,000	$20,000
Entitlement to Paraplegic	$6,000	$20,000
Death		
Payment to primary dependent	$5,000	$10,000
Payment to secondary dependent	$1,000	$2,000
Payment to self-supporting spouse of victim	$2,000	$10,000
Death (under 18 years)	$500	$2,000
Death (18 and over with no spouse or children)	$1,000	$2,000
Maximum payment (per family)	$10,000	No limit
Funeral Expenses	$500	$2,500

Automobile Insurance Division



General Insurance Division

The General Insurance Division offers Manitobans a full range of property/casualty products in competition with private sector insurers. These coverages are provided through three distinct business units.

The Commercial Lines Department offers products designed to protect Manitoba businesses and farms with insurance coverage for property, casualty, liability, fidelity and surety risks. The Personal Lines portfolio of products includes insurance packages for homeowners and tenants. The Special Risk Extension program provides specialized coverages for motor vehicles to supplement many of the coverages provided through the Automobile Insurance Division.

The General Insurance Division delivers its products through a network of brokers across Manitoba and maintains a staff of in-house adjusters.

Financial Results

In the 1988 fiscal year, the General Insurance Division experienced a significant improvement in its financial results over the previous year. Favourable claims experience was the major factor contributing to a net profit of $4.9 million, excluding reinsurance assumed.

An increase of $16.1 million in net income over the previous year's results reflects improved performance in each of the Division's business units.

The Division's Special Risk Extension program reported net income of $7.6 million, an improvement of $5.9 million from the previous year. While premiums written increased from $16.5 to $17.5 million, claims costs dropped from $11.4 million to $7.3 million. Mild weather conditions during the 1988 fiscal year contributed to a decrease in the number of claims. In addition, deterrent measures introduced under the Autopac program last year, such as increased accident surcharges and higher deductibles, appear to be encouraging motorists to drive more responsibly and have also had a positive impact on Special Risk Extension claims experience.

Together, the Division's Commercial and Personal Lines business experienced a loss of $2.8 million, an improvement of $10.2 million from 1987.

The improvement in Commercial Lines is largely due to a decrease in claims costs from $11.4 million to $3.5 million. A reduction in the number of policies written, representing a decrease in premiums from $11.2 million to $8.1 million, contributed to a decline in claims volume.

Personal Lines recorded a decrease in claims costs from $10.8 million to $4.8 million as a result of several factors. As in the Commercial Lines portfolio, the number of claims fell as premiums written decreased. In 1988, premiums written in Personal Lines totalled $8.4 million, compared to $10.3 million the previous year. Weather conditions also contributed to lower claims costs, with a mild winter producing a relatively small number of fire losses. Also, few claims were reported for hail and windstorms, which can cause extensive property damage.

As a result of lower claims costs in each of its three business units, total claims and expenses for the Division, including administrative expenses, dropped to $32.3 million, compared to $51.8 million in 1986/87. Total revenues, including investment income of $2.4 million, fell to $37.1 million from $40.6 million the previous year.

During the year under review, the Province of Manitoba authorized the funding of the October 31, 1987, deficits of the Personal and Commercial lines and reinsurance assumed operations totalling $59 million. This funding will place the General Insurance Division in a positive retained earnings position. In the 1988/89 fiscal year, the Corporation and the Province of Manitoba will prepare a plan outlining the timing and payment of funds.

A Lester Beach cottage owner describes the impact of a severe windstorm in the Interlake to Kirk Moore (right), an MPIC General Lines adjuster based in Brandon. The June 1988 windstorm caused extensive damage to 331 cottages and homes, as well as commercial buildings and equipment. Claims costs to MPIC came to over $400,000.

A Competitive Marketplace

For the property/casualty insurance industry, the past year was one of increased competition as insurers aggressively sought a larger share of the market. In order to attract new business, insurers enhanced their products and reduced their rates.

Within this environment, the General Insurance Division concentrated on improving its financial performance. Part of this process involved lowering the Division's claims ratio through the application of improved underwriting standards. This included reviewing the entire Personal Lines portfolio to ensure rates were based on customer claims experience. Rates and coverages were also revised to more accurately reflect the loss experience of various classes of business. Because of these revisions, some business was lost to companies offering lower rates. Nonetheless, the result has been a more financially sound, if smaller, book of business.

In commercial insurance, the product does not vary greatly from one insurer to the next and price is the main competitive factor. During the year under review, insurers aggressively sought new business by cutting their rates. In order to retain business with positive claims experience, Commercial Lines lowered some of its rates for existing customers with good loss records.

While adopting more careful underwriting standards and striving to become more competitive, the General Insurance Division has remained committed to providing a high level of service to Manitobans.

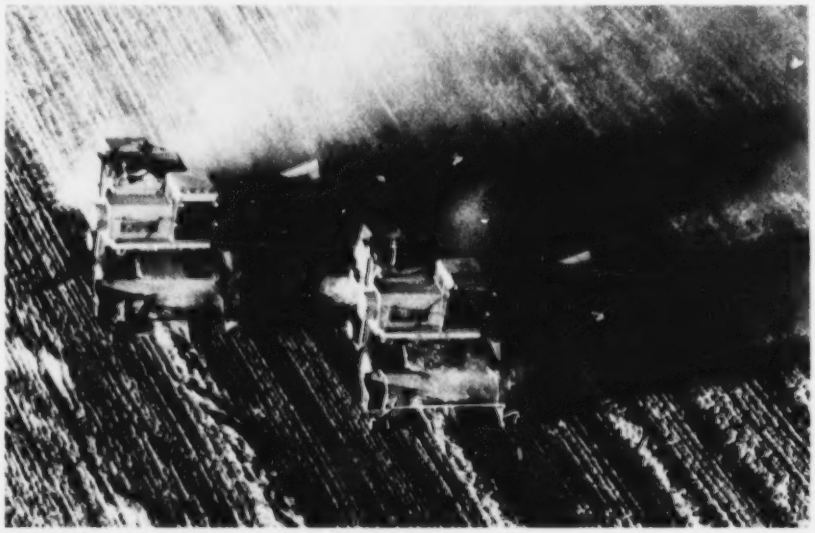
Reinsurance Assumed

Reinsurance assumed refers to the practice of one insurance company (the reinsurer) accepting all or part of a risk written by another (ceding) insurer. Because its potential liability is reduced, the ceding insurer pays a premium to the reinsurer for assuming the risk. This practice is common in the insurance industry, as it enables insurers to minimize their exposure to large claims by spreading their risks among a pool of companies.

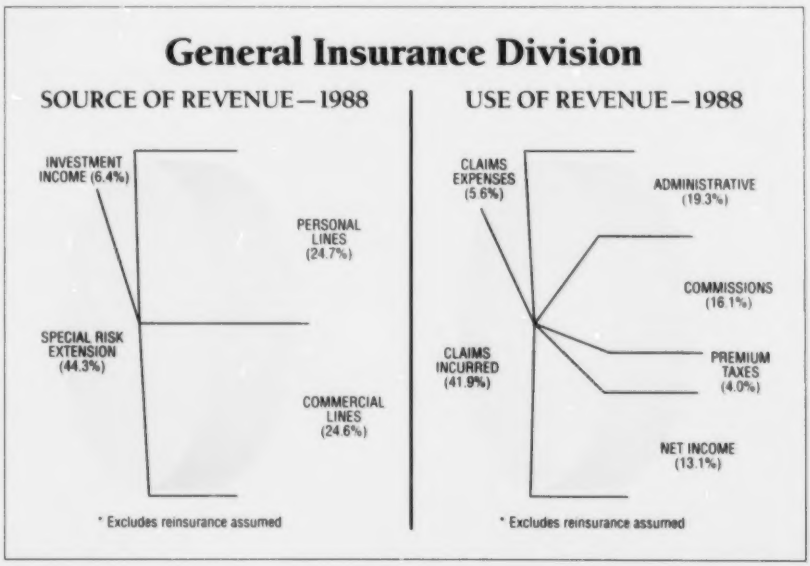
The Corporation discontinued writing reinsurance assumed business on November 18, 1987. However, due to the long-term nature of liability losses, claims costs will continue to be reported until all existing treaties are settled.

In the 1988 fiscal year, net income from reinsurance assumed operations totalled nearly $2.8 million. Earned revenues amounted to $7.3 million, while claims and expenses totalled $4.5 million.

A foreign exchange gain of $1 million as a result of currency fluctuations in dealings with foreign companies and investment income of $2.3 million were primarily responsible for the favourable results in 1988.



The Commercial Lines department of the General Insurance Division offers insurance products designed to protect Manitoba farmers.



Auditors' Report

The Board of Directors
The Manitoba Public Insurance Corporation

We have examined the balance sheet of The Manitoba Public Insurance Corporation as at October 31, 1988 and the statements of operations and of retained earnings (deficit) for the Automobile Insurance Division and the General Insurance Division and the statement of changes in cash and short-term investments for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Corporation as at October 31, 1988 and the results of its operations and the changes in its cash and short-term investments for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Thorne Ernst & Whinney

Thorne Ernst & Whinney
Chartered Accountants
Winnipeg, Manitoba
December 23, 1988

Report of the Property-Casualty Valuation Actuary

I, David J. Oakden, am a Fellow of the Canadian Institute of Actuaries and the Casualty Actuarial Society.

I have made a valuation of the policy and claim liabilities of the Manitoba Public Insurance Corporation for its balance sheet at 31 October 1988 and its statement of operations for the year then ended. In my opinion (i) the valuation conforms to the Recommendations for Property-Casualty Insurance Company Financial Reporting of the Canadian Institute of Actuaries, (ii) the amount of the policy and claim liabilities makes proper provision for future payments under the Corporation's policies, (iii) a proper charge on account of these policies has been made in the statement of operations.

The specific balance sheet items examined are as follows:

Automobile Insurance Division	
Unearned Premiums	$ 105,176,000
Unpaid Claims	$ 279,576,000
Deferred Premium Acquisition Costs	$ 8,588,000
General Insurance Division	
Unearned Premiums	$ 15,468,000
Unpaid Claims	$ 80,494,000
Deferred Premium Acquisition Costs	$ 3,346,000

David J. Oakden, F.C.I.A., F.C.A.S.

The Manitoba Public Insurance Corporation

Automobile Insurance Division—Statement of Operations

	Year Ended October 31	
	1988	1987
	(in thousands of dollars)	
REVENUE		
Premiums written	$297,374	$246,354
Premiums earned	$279,549	$237,492
Investment income	39,269	36,752
Total earned revenues	318,818	274,244
CLAIMS COSTS		
Claims incurred	230,163	278,637
Claims expense (Schedule 1)	31,045	27,708
	261,208	306,345
EXPENSES (Schedule 1)		
Administrative	15,363	10,709
Commissions	13,697	11,531
Premium taxes	8,501	7,235
	37,561	29,475
Total claims and expenses	298,769	335,820
INCOME (LOSS) FOR THE YEAR	$ 20,049	$ (61,576)

The Manitoba Public Insurance Corporation

General Insurance Division—Statement of Operations

	Year Ended October 31			
	1988		1987	
	(in thousands of dollars)			
REVENUE				
Premiums written	$ 33,966		$ 37,969	
Premiums earned	$ 34,728		$ 37,443	
Investment income	2,382		3,109	
Total earned revenues	37,110		40,552	
CLAIMS COSTS				
Claims incurred	15,554		33,621	
Claims expense (Schedule 1)	2,096		2,061	
	17,650		35,682	
EXPENSES (Schedule 1)				
Administrative	7,173		7,427	
Commissions	5,970		6,924	
Premium taxes	1,466		1,755	
	14,609		16,106	
Total claims and expenses	32,259		51,788	
Income (loss) before discontinued operations				
Personal and commercial lines	$(2,750)		$(12,943)	
Special risk extension	7,601	4,851	1,707	(11,236)
Income from discontinued reinsurance assumed operations (Note 10)		2,780		5,582
INCOME (LOSS) FOR THE YEAR		$ 7,631		$ (5,654)

The Manitoba Public Insurance Corporation

Balance Sheet

Assets

	October 31	
	1988	1987
	(in thousands of dollars)	
Cash and short-term investments (Note 4)	$ 93,270	$ 74,710
Accounts receivable (Note 5)	38,854	39,456
Prepaid expenses and inventories	972	1,126
Deferred premium acquisition costs	11,934	3,378
Investments (Schedule 2)	327,387	281,731
Receivable from Province of Manitoba (Note 9)	59,060	—
Property and equipment (Note 6)	14,654	13,967
Organizational and deferred development costs	3,809	4,293
	$549,940	$418,661

Approved by the Board:

Harold Thompson
Chairman

Director

The Manitoba Public Insurance Corporation

Liabilities and Retained Earnings (Deficit)

	October 31	
	1988	1987
	(in thousands of dollars)	
LIABILITIES		
Automobile Insurance Division		
Accounts payable and accrued liabilities	$ 12,683	$ 8,788
Provision for pension	20,494	17,161
Unearned premiums	105,176	87,351
Provision for unpaid claims	279,576	251,588
	417,929	364,888
General Insurance Division		
Accounts payable and accrued liabilities	5,494	6,149
Provision for pension	3,250	2,722
Unearned premiums	15,468	19,109
Provision for unpaid claims	80,494	85,228
	104,706	113,208
	522,635	478,096
RETAINED EARNINGS (DEFICIT)		
Automobile Insurance Division	10,969	(9,080)
General Insurance Division	16,336	(50,355)
	27,305	(59,435)
	$549,940	$ 418,661

The Manitoba Public Insurance Corporation

Automobile Insurance Division— Statement of Retained Earnings (Deficit)

	Year Ended October 31	
	1988	1987
	(in thousands of dollars)	
Unappropriated:		
Balance at beginning of year	$ (9,080)	$ 52,496
Income (loss) for the year	20,049	(61,576)
Transfer to reserve for rate stabilization	(10,969)	—
	—	(9,080)
Appropriated:		
Reserve for rate stabilization	10,969	—
RETAINED EARNINGS (DEFICIT) AT END OF YEAR	$ 10,969	$ (9,080)

The Manitoba Public Insurance Corporation

General Insurance Division— Statement of Retained Earnings (Deficit)

	Year Ended October 31	
	1988	1987
	(in thousands of dollars)	
Balance at beginning of year:		
Personal and commercial lines	$ (26,867)	$ (13,924)
Discontinued reinsurance assumed operations	(32,193)	(37,775)
	(59,060)	(51,699)
Funding by Province of Manitoba (Note 9)	59,060	—
	—	(51,699)
Special risk extension	8,705	6,998
	8,705	(44,701)
Income (loss) for the year:		
Personal and commercial lines	(2,750)	(12,943)
Special risk extension	7,601	1,707
Discontinued reinsurance assumed operations	2,780	5,582
	7,631	(5,654)
Balance at end of year:		
Personal and commercial lines	(2,750)	(26,867)
Special risk extension	16,306	8,705
Discontinued reinsurance assumed operations	2,780	(32,193)
	$ 16,336	$ (50,355)

The Manitoba Public Insurance Corporation

Statement of Changes in Cash and Short-Term Investments

	Year Ended October 31	
	1988	1987
	(in thousands of dollars)	
RESOURCES PROVIDED FROM (APPLIED TO) OPERATIONS		
Income (loss) for the year	$ 27,680	$ (67,230)
Non-cash items:		
Depreciation and amortization	2,173	1,743
	29,853	(65,487)
INCREASE (DECREASE) IN RESOURCES		
Accounts receivable	602	(8,407)
Prepaid expenses and inventories	154	43
Deferred premium acquisition costs	(8,556)	7,315
Accounts payable and accrued liabilities	3,240	2,318
Provision for pension	3,861	2,422
Unearned premiums	14,184	9,091
Provision for unpaid claims	23,254	65,670
	36,739	78,452
RESOURCES PROVIDED FROM (APPLIED TO) INVESTING ACTIVITIES		
Acquisition of property and equipment, net of proceeds from disposals	(1,953)	(2,065)
Increase in investments	(45,656)	(2,215)
Organizational and deferred development costs	(423)	(283)
	(48,032)	(4,563)
INCREASE IN CASH AND SHORT-TERM INVESTMENTS	18,560	8,402
Cash and short-term investments at beginning of year	74,710	66,308
CASH AND SHORT-TERM INVESTMENTS AT END OF YEAR (Note 4)	$ 93,270	$ 74,710

The Manitoba Public Insurance Corporation

Notes to Financial Statements October 31, 1988

1. STATUS OF THE CORPORATION

The Manitoba Public Insurance Corporation was incorporated as a Crown Corporation under The Automobile Insurance Act in 1970. In 1974 The Automobile Insurance Act was revised and became The Manitoba Public Insurance Corporation Act (Chapter A180, of the continuing consolidation of the statutes of Manitoba).

Under the provisions of its Act and regulations, the Corporation operates an automobile insurance division and a general insurance division. The automobile insurance division provides universal compulsory automobile insurance and extension coverage upon such terms and conditions as may be prescribed by the regulations. The general insurance division insures such risks as personal property, commercial property, liability, and special risk extension coverage. For financial accounting purposes, the automobile insurance division and the general insurance division are regarded as separate operations and their revenues and expenses are allocated on a basis described in the summary of significant accounting policies.

2. BASIS OF REPORTING

The financial statements of the Corporation are in such form as prescribed by Section 43(1) of The Manitoba Public Insurance Corporation Act and are presented in accordance with generally accepted accounting principles.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary outlines those accounting policies followed by the Corporation which have a significant effect on the financial statements.

Deferred Premium Acquisition Costs

Commissions and premium taxes are charged to expense over the terms of the insurance contracts to which such costs relate.

Investments

Investments are carried at amortized cost. The applicable discounts or premiums are amortized over the life of the investment. Funds available for investments are invested by the Department of Finance, on behalf of the Corporation, in accordance with Section 12(1) of The Manitoba Public Insurance Corporation Act.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. Depreciation is provided on a straight line basis at rates which will amortize the cost of each asset over its estimated useful life at the following annual rates:

Buildings	2.5%
Equipment	10.0%
Data processing equipment	20.0%
Automotive equipment	20.0%

Leasehold improvements are amortized over the term of the lease plus the first renewal period.

Organizational and Deferred Development Costs

The costs of organizing or re-organizing major computer programs which are expected to be of continuing benefit to the Corporation are deferred to future periods. These organizational and computer program expenditures are stated at cost net of accumulated amortization and are amortized on a straight line basis at the rate of 10% per year.

Pension Plan

The employees of the Corporation are subject to the Civil Service Superannuation Act. Included in the accounts is a provision for the full funding of the employer's future pension liability calculated on an indexed basis, based on the most recent actuarial valuation at December 31, 1986.

Severance Pay

Employees of the Corporation are entitled to severance pay in accordance with the Collective Agreement and company policy. The liability for severance pay based on an actuarial valuation at October 31, 1988, is being amortized over fourteen years commencing with the 1988 fiscal year.

Unearned Premiums

The liability for unearned premiums is the portion of premiums that relate to the unexpired term of each insurance contract.

Provision for Unpaid Claims

The provision for unpaid claims includes a provision for reported unpaid claims, an estimate for unreported claims and a provision for claims adjusting costs for reported and unreported claims.

The Manitoba Public Insurance Corporation

Notes to Financial Statements (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Premium Deficiencies

A premium deficiency exists when future claims and expenses exceed unearned premiums. In calculating a premium deficiency, the Corporation recognizes anticipated investment income.

Allocation of Revenue, Claims Incurred and Expenses

Premiums written, premiums earned and claims incurred are allocated directly to the division writing the insurance risk.

Investment income has been allocated to the automobile and general insurance divisions based on a monthly averaging of the funds available within each division.

Expenses, including claims expense, are allocated to the automobile and general insurance divisions on the following basis:

i) Identifiable direct expenses are charged to each division.

ii) Where direct allocation is impracticable, expenses are prorated to each division based on factors such as space, number of employees, time usage, etc. The formulas developed for the allocation of expenses are approved by the Board of Directors.

Reinsurance Ceded

The Corporation's financial statements are prepared net of ceded reinsurance.

Foreign Currency Translation

Monetary items are adjusted to reflect the exchange rate in effect at the year-end. Revenue and expense items are translated at the exchange rate in effect at the transaction date. Unrealized gains and/or losses arising on translation are charged to operations in the current year.

4. CASH AND SHORT-TERM INVESTMENTS

	1988	1987
	(in thousands of dollars)	
Cash and short-term certificates	$83,733	$67,349
Investments maturing within one year	9,537	7,361
	$93,270	$74,710

At October 31, 1988 the Corporation has committed $25.6 million (1987-$9.9 million) for the purchase of various long term securities.

5. ACCOUNTS RECEIVABLE

	1988		1987	
	Subrogation	Other	Subrogation	Other
	(in thousands of dollars)			
Accounts receivable	$12,554	$34,535	$11,080	$36,230
Less allowance for doubtful accounts	6,872	1,363	5,962	1,892
	$ 5,682	$33,172	$ 5,118	$34,338

6. PROPERTY AND EQUIPMENT

	1988			1987
	Cost	Accumulated Depreciation and Amortization	Net	Net
	(in thousands of dollars)			
Land	$ 3,386	$ —	$ 3,386	$3,210
Buildings	9,897	2,142	7,755	7,977
Equipment	6,335	3,144	3,191	2,321
	19,618	5,286	14,332	13,508
Leasehold improvements	1,428	1,106	322	459
	$21,046	$6,392	$14,654	$13,967

7. REINSURANCE

The Corporation follows the practice of obtaining reinsurance to limit its exposure to losses. Under agreements in effect at October 31, 1988, these reinsurance arrangements limit the Corporation's exposure to a maximum amount of $1,000,000 on any one occurrence.

The reinsurance arrangements also limit the Corporation's liability in respect to a series of claims arising out of a single occurrence, including catastrophic claims, to a maximum of $3,175,000. These arrangements protect the Corporation against losses up to $60,000,000 for the Automobile Insurance Division and $40,000,000 for the General Insurance Division.

Certain lines of insurance carry maximum limits lower than these amounts. While these arrangements are made to protect against large losses, the primary liability to the policy holders remains with the Corporation.

Notes to Financial Statements (continued)

8. LEASE COMMITMENTS

The Corporation is committed to make payments during the next eight years on buildings leased for periods of more than one year. The aggregate annual rental of the commitments under the leases, which expire at varying dates to November 30, 1995, are:

1988/89	$1,382,000
1989/90	$1,363,000
1990/91	$1,128,000
1991/92	$1,057,000
1992/93	$1,035,000
Balance to expiry	$2,157,000

9. RECEIVABLE FROM PROVINCE OF MANITOBA

The Province of Manitoba, in the Appropriation Act, 1988, authorized the funding of the October 31, 1987 deficits of the General Insurance Division's personal and commercial lines and discontinued reinsurance assumed operations in the amount of $59,060,000. Subsequent to the year-end, the Corporation and the Province of Manitoba will prepare a plan determining the timing and payment of the funds.

10. INCOME FROM DISCONTINUED REINSURANCE ASSUMED OPERATIONS

The Corporation underwrote a portfolio of assumed reinsurance, which accepted a portion of the risk of other insurers. Effective November 18, 1987, the Corporation discontinued writing reinsurance assumed business. Claims costs and expenses will continue to be incurred until all claims on existing treaties are settled. In addition, premiums relating to the assumed business will be reflected in operations as they are earned. For the year ended October 31, 1988 the results are:

	1988	1987
	(in thousands of dollars)	
Premiums written	$ 2,114	$15,709
Premiums earned	$ 4,991	$16,008
Investment income	2,323	2,246
Total earned revenues	7,314	18,254
Claims incurred	4,009	9,284
Administrative expenses	982	1,594
Commissions	595	2,171
Foreign exchange gain	(1,052)	(377)
Total claims and expenses	4,534	12,672
Income from discontinued reinsurance assumed operations	$ 2,780	$ 5,582

11. COMPARATIVE FIGURES

For comparative purposes, 1987 figures have been reclassified where necessary to conform with the 1988 financial statement presentation.

The Manitoba Public Insurance Corporation

Schedule 1

Schedule of Expenses

	Year Ended October 31	
	1988	1987
	(in thousands of dollars)	
Amortization of organizational and deferred development costs	$ 907	$ 738
Commissions	20,263	20,626
Data processing	3,560	3,549
Depreciation and amortization	1,266	1,005
Employee travel and allowances	795	595
Grants in lieu of taxes	653	604
Health and education tax	789	623
Premium taxes	9,967	8,990
Rent	1,811	1,820
Salaries and employee benefits	40,803	34,735
Other administrative expenses	5,022	5,453
	$ 85,836	$ 78,738
Allocation:		
Automobile Insurance Division		
Claims expense	$ 31,045	$ 27,708
Administrative expense	15,363	10,709
Commissions	13,697	11,531
Premium taxes	8,501	7,235
	68,606	57,183
General Insurance Division		
Claims expense	2,096	2,061
Administrative expense	7,173	7,427
Commissions	5,970	6,924
Premium taxes	1,466	1,755
	16,705	18,167
Discontinued Reinsurance Assumed Operations (Note 10)		
Administrative expense	982	1,594
Commissions	595	2,171
Foreign exchange gain	(1,052)	(377)
	525	3,388
	$ 85,836	$ 78,738

The Manitoba Public Insurance Corporation

Schedule 2

Schedule of Investments as at October 31, 1988

Description of Securities	Par Value	Book Value
Federal:		
Government of Canada	$15,000,000	$14,875,000
Provincial:		
Province of Manitoba	89,066,000	88,769,000
Province of Quebec	2,000,000	1,964,000
Manitoba Hydro-Electric Board	23,027,000	22,128,000
Manitoba Telephone System	21,779,000	21,435,000
B.C. Hydro	2,000,000	1,944,000
Ontario Hydro-Electric Commission	31,500,000	28,471,000
Quebec Hydro	18,000,000	17,529,000
	187,372,000	182,240,000
Hospitals:		
Arborg and Districts Health Centre	1,712,000	1,712,000
Baldur Hospital District	135,000	135,000
Brandon General Hospital	1,068,000	1,060,000
Boissevain Hospital District	509,000	509,000
Boyne Valley Hostel Corporation	768,000	768,000
Carman Memorial Hospital District No. 20	2,570,000	2,570,000
Deloraine Hospital District No. 14	382,000	382,000
The De Salaberry Hospital District No. 27A	123,000	123,000
Flin Flon General Hospital	360,000	360,000
Gimli Hospital District #39	307,000	307,000
Grace General Hospital	518,000	418,000
Hamiota Hospital District #7A	28,000	28,000
Health Sciences Centre	1,682,000	1,634,000
Hunter Memorial Hospital District #33	822,000	822,000
Lakeshore District Health System Inc.	2,078,000	2,078,000
Lynn Lake Hospital District No. 38	23,000	23,000
MacGregor Personal Care Home	55,000	55,000
Manitoba Hospital Capital Financing Authority	2,703,000	2,703,000
Misericordia General Hospital	382,000	382,000
Morden Hospital District #21	367,000	367,000
Neepawa Hospital District #9	186,000	186,000
Park Manor Personal Care Home Inc.	96,000	96,000
Pine Falls General Hospital	180,000	180,000
Portage Hospital District #18	315,000	315,000
Red River Valley Health District	320,000	320,000
Roblin Health Centre District	512,000	512,000
Rossburn Personal Care Home Inc.	269,000	269,000
Russell Hospital District #8	240,000	240,000
St. Anthony's General Hospital—The Pas	360,000	360,000
St. Boniface General Hospital	30,000	26,000
Ste. Anne Hospital District No. 26A	1,418,000	1,418,000
Ste. Rose General Hospital	354,000	354,000

The Manitoba Public Insurance Corporation

Schedule 2

Schedule of Investments as at October 31, 1988 continued

Description of Securities	Par Value	Book Value
Seven Oaks General Hospital	$ 2,180,000	$ 1,868,000
Steinbach Hospital District #27	39,000	33,000
Swan River Hospital District #1	242,000	242,000
Thompson General Hospital	1,014,000	1,000,000
Tri-Lake Hospital District #15	32,000	32,000
Victoria General Hospital	1,931,000	1,923,000
Victoria-South Norfolk-Treherne Hospital District #19	101,000	101,000
Winkler General Hospital	45,000	34,000
Winkler Hospital District No. 23	185,000	185,000
Winnipeg General Hospital	33,000	31,000
Winnipegosis General Hospital Inc.	130,000	130,000
Baldur Manor	239,000	239,000
Betel Home Foundation—Gimli	44,000	44,000
Betel Home Foundation—Selkirk	254,000	254,000
Bethania Mennonite Personal Care Home Inc.	2,254,000	2,254,000
Birtle Health Services District	333,000	333,000
Dauphin Personal Care Home Inc.	276,000	276,000
Ebenezer Home for the Aged	406,000	406,000
Flin Flon Personal Care Home Corp.	705,000	705,000
Gilbert Plains Health Centre Inc.	1,529,000	1,529,000
Goodwin Lodge Inc.	40,000	40,000
Holy Family Nursing Home—Sisters Servants of Mary Immaculate	492,000	492,000
Lorne Memorial Medical Nursing Unit No. 19C	28,000	28,000
McCreary/Alonsa Personal Care Home Inc.	72,000	72,000
Manoir De Ste. Claude	116,000	116,000
Mount Carmel Clinic	1,458,000	1,458,000
North Norfolk MacGregor Medical Nursing Unit District No. 18A	197,000	197,000
Odd Fellows and Rebekahs Personal Care Home Inc.	190,000	190,000
Pinaow Wachi Inc.	95,000	95,000
Riverdale Health Services District	77,000	77,000
Riverdale Personal Care Home	66,000	66,000
Rock Lake Health District	715,000	715,000
Rock Lake Personal Care Home Inc.	175,000	175,000
Rosewood Lodge Inc.	24,000	24,000
Rossburn District Health Centre	515,000	515,000
St. Joseph's Residence	588,000	588,000
Shoal Lake/Strathclair Health Centre	134,000	134,000
Sisters Servants of Mary Immaculate—St. Paul's Home	13,000	13,000
Snow Lake Medical Nursing Unit District #40	488,000	488,000
Stonewall and District Health Centre	183,000	183,000
Tabor Senior Citizens Home Inc.	494,000	494,000
Tache Nursing Centre	669,000	669,000
The Pas Health Complex Inc.—St. Paul's Residence	288,000	288,000
The Pas Health Complex Inc.—St. Anthony's General Hospital	401,000	401,000
Third Crossing Manor Inc.	48,000	48,000
Wawanesa and District Health Centre	20,000	20,000
Wawanesa Personal Care Home	200,000	200,000

The Manitoba Public Insurance Corporation

Schedule 2

Schedule of Investments as at October 31, 1988 continued

Description of Securities	Par Value	Book Value
Winnipegosis-Mossy River Personal Care Home Inc.	$ 276,000	$ 276,000
Whitemouth Medical Nursing Unit District #29A	106,000	106,000
	41,012,000	40,499,000
Schools:		
The Agassiz School Division #13	907,000	907,000
Antler River School Division No. 43	237,000	237,000
Assiniboine South School Division No. 3	695,000	695,000
Beautiful Plains School Division No. 31	54,000	54,000
Bird Tail River School Division No. 38	705,000	705,000
Brandon School Division #40	5,149,000	5,149,000
Churchill School District No. 2264	46,000	46,000
Dauphin-Ochre School Area #1	1,583,000	1,583,000
Duck Mountain School Division #34	744,000	744,000
Flin Flon School Division #46	542,000	542,000
Fort Garry School Division No. 5	1,161,000	1,161,000
Fort La Bosse School Division No. 41	411,000	411,000
Frontier School Division No. 48	148,000	148,000
Garden Valley School Division No. 26	2,484,000	2,484,000
Hanover School Division #15	1,911,000	1,911,000
Interlake School Division #21	761,000	761,000
Intermountain School Division No. 36	382,000	382,000
Lakeshore School Division No. 23	319,000	319,000
Leaf Rapids School District #2460	225,000	225,000
Lord Selkirk School Division No. 11	2,008,000	2,008,000
Midland School Division No. 25	277,000	277,000
Morris-MacDonald School Division No. 19	270,000	270,000
Mountain School Division No. 28	641,000	641,000
Mystery Lake School District No. 2355	1,598,000	1,598,000
Norwood School Division No. 8	508,000	508,000
Pelly Trail School Division No. 37	450,000	450,000
Pembina Valley School Division No. 27	373,000	373,000
Pine Creek School Division No. 30	271,000	271,000
Portage la Prairie School Division #24	1,598,000	1,598,000
Red River School Division No. 17	306,000	306,000
Rhineland School Division # 18	184,000	184,000
River East School Division #9	5,171,000	5,171,000
Rolling River School Division #39	766,000	766,000
St. Boniface School Division No. 4	421,000	421,000
St. James-Assiniboine School Division #2	1,959,000	1,959,000
St. Vital School Division #6	3,062,000	3,062,000
Seine River School Division #14	2,856,000	2,856,000
Seven Oaks School Division #10	348,000	348,000
Souris Valley School Division No. 42	185,000	185,000
South Winnipeg Technical Centre	838,000	838,000
South Winnipeg Vocational Education Centre	933,000	933,000
Swan Valley School Division #35	262,000	262,000
Tiger Hills School Division #29	829,000	829,000

The Manitoba Public Insurance Corporation

Schedule 2

Schedule of Investments as at October 31, 1988 continued

Description of Securities	Par Value	Book Value
Transcona School Division #12	$ 101,000	$ 101,000
Transcona Springfield School Division #12	2,671,000	2,671,000
Western School Division #47	96,000	96,000
Winnipeg School Division No. 1	13,414,000	13,414,000
The White Horse Plain School Division #20	574,000	574,000
	61,434,000	61,434,000
Municipal:		
City of Brandon	1,354,000	1,308,000
City of Flin Flon	2,168,000	2,168,000
City of Portage la Prairie	3,315,000	3,299,000
City of St. Vital	14,000	13,000
City of Transcona	10,000	9,000
City of Winnipeg	6,389,000	6,249,000
Metro Corp. of Greater Winnipeg	487,000	426,000
Town of Altona	450,000	450,000
Town of Birtle	157,000	156,000
Town of Boissevain	20,000	19,000
Town of Carman	456,000	456,000
Town of Dauphin	750,000	750,000
Town of Deloraine	501,000	501,000
Town of Emerson	297,000	297,000
Town of Gimli	108,000	108,000
Town of Gladstone	187,000	187,000
Town of Grandview	226,000	226,000
Town of Killarney	224,000	224,000
Town of Melita	275,000	275,000
Town of Minnedosa	123,000	120,000
Town of Morden	263,000	263,000
Town of Morris	229,000	229,000
Town of Neepawa	301,000	301,000
Town of Oak Lake	3,000	3,000
Town of Rapid City	101,000	101,000
Town of Rivers	39,000	35,000
Town of Roblin	446,000	446,000
Town of Russell	551,000	551,000
Town of Selkirk	569,000	569,000
Town of Snow Lake	71,000	71,000
Town of Steinbach	929,000	929,000
Town of Stonewall	253,000	253,000
Town of Swan River	297,000	297,000
Town of Tuxedo	29,000	27,000
Town of Virden	184,000	184,000
Town of Winnipeg Beach	45,000	45,000
Village of Arborg	63,000	63,000
Village of Benito	37,000	37,000
Village of Binscarth	69,000	69,000
Village of Ethelbert	9,000	9,000

The Manitoba Public Insurance Corporation

Schedule 2

Schedule of Investments as at October 31, 1988 continued

Description of Securities	Par Value	Book Value
Village of Gretna	$ 16,000	$ 16,000
Village of Hamiota	25,000	25,000
Village of Lac du Bonnet	128,000	128,000
Village of MacGregor	25,000	25,000
Village of Manitou	188,000	188,000
Village of Notre Dame De Lourdes	40,000	40,000
Village of Pilot Mound	78,000	78,000
Village of Riverton	7,000	7,000
Village of Rossburn	47,000	47,000
Village of Shoal Lake	129,000	129,000
Village of Somerset	92,000	92,000
Village of Ste. Anne	4,000	4,000
Village of St. Pierre	30,000	30,000
Village of St. Pierre-Jolys	239,000	239,000
Village of Teulon	30,000	30,000
Village of Winnipegosis	16,000	16,000
Rural Municipality of Argyle	33,000	33,000
Rural Municipality of Brenda	48,000	48,000
Rural Municipality of Brokenhead	228,000	228,000
Rural Municipality of Cartier	7,000	7,000
Rural Municipality of Coldwell	189,000	189,000
Rural Municipality of De Salaberry	12,000	12,000
Rural Municipality of Edward	102,000	102,000
Rural Municipality of Grey	5,000	5,000
Rural Municipality of Hanover	214,000	214,000
Rural Municipality of La Broquerie	21,000	21,000
Rural Municipality of MacDonald	304,000	304,000
Rural Municipality of Montcalm	156,000	156,000
Rural Municipality of Morris	521,000	521,000
Rural Municipality of Pipestone	10,000	10,000
Rural Municipality of North Norfolk	134,000	134,000
Rural Municipality of Ritchot	349,000	349,000
Rural Municipality of Rockwood	91,000	91,000
Rural Municipality of Roland	114,000	114,000
Rural Municipality of Ste. Rose	14,000	14,000
Rural Municipality of Siglunes	141,000	141,000
Rural Municipality of Springfield	21,000	21,000
Rural Municipality of Tache	17,000	17,000
Rural Municipality of Thompson	28,000	28,000
Rural Municipality of Victoria Beach	132,000	132,000
Rural Municipality of Whitewater	11,000	11,000
Local Government District of Consol	348,000	348,000
Local Government District of Fisher	365,000	365,000
Local Government District of Leaf Rapids	1,907,000	1,907,000
	28,615,000	28,339,000
	$333,433,000	$327,387,000

The Manitoba Public Insurance Corporation

Administrative Offices and Claims Centres

HEAD OFFICE

Brandon
731-1st Street,
R7A 6C3, 728-7120

ADMINISTRATIVE OFFICES

Winnipeg
Box 6300,
9th Floor, 330 Graham Avenue,
R3C 4A4, 985-7000

DRIVE-IN CLAIMS CENTRES

Winnipeg
445 King Street,
R2W 5H2, 949-0872 DIAL-a-CLAIM
125 King Edward Street E.,
R3H 0V9, 783-2114 DIAL-a-CLAIM
930 St. Mary's Road,
R2M 4A8, 257-8772 DIAL-a-CLAIM
420 Pembina Highway,
R3L 2E9, 475-1150 DIAL-a-CLAIM
1103 Pacific Avenue,
R3E 1G7, 788-4009 DIAL-a-CLAIM

Brandon
731-1st Street,
R7A 6C3, 728-7120 DIAL-a-CLAIM

Dauphin
Box 3000, 217 Industrial Road,
R7N 2V5, 638-5111 DIAL-a-CLAIM

Portage la Prairie
2007 Saskatchewan Avenue W.,
R1N 3J9, 857-9751 DIAL-a-CLAIM

Selkirk
630 Sophia Street,
R1A 2K1, 482-3839 DIAL-a-CLAIM

CLAIMS OFFICES

The Pas
Box 9100, 424 Fischer Avenue,
R9A 1R5, 623-6487

Flin Flon
Box 250, 8 Timber Lane Road,
R8A 1M9, 687-7563

Steinbach
Box 2139, 110 Townline Road,
R0A 2A0, 326-4453 DIAL-a-CLAIM

Swan River
Box 1959, Highway #10 East,
R0L 1Z0, 734-4574

Thompson
Box 760, 80 Nelson Road,
R8N 1N5, 778-7351 DIAL-a-CLAIM

Winkler
Box 1990, 600 Memorial Drive,
R0G 2X0, 325-9538 DIAL-a-CLAIM

COMMERCIAL AUTOMOBILE CLAIMS

Winnipeg
1981 Plessis Road,
Box 32, Group 512,
R2C 2Z2, 224-1291

BODILY INJURY CLAIMS CENTRE

Winnipeg
8th Floor, 330 Graham Avenue,
R3C 4A4, 985-7000

GENERAL INSURANCE CLAIMS

Winnipeg
8th Floor, 330 Graham Avenue,
R3C 4A4, 985-7000

SALVAGE

Brandon
731-1st Street,
R7A 6C3, 728-7120

Dauphin
Box 3000, 217 Industrial Road,
R7N 2V5, 638-5111

Winnipeg
1981 Plessis Road,
Box 32, Group 512,
R2C 2Z2, 224-1291